




**Innovate to  
Accelerate**



**Highnoon**

Un-audited  
Financial Statements  
For the First Quarter  
Ended 31 March 2023





# CONTENTS

Company Information	3
Directors' Report	ڈائریکٹرز رپورٹ 4-5
<b>Condensed Interim Un-consolidated Financial Statements</b>	<b>7</b>
- Condensed Interim Un-Consolidated Statement of Financial Position	8-9
- Condensed Interim Un-Consolidated Statement of Profit or Loss	10
- Condensed Interim Un-Consolidated Statement of Comprehensive Income	11
- Condensed Interim Un-Consolidated Statement of Cash Flows	12-13
- Condensed Interim Un-Consolidated Statement of Changes in Equity	14
- Selected Notes to the Condensed Interim Un-Consolidated Financial Statements	15
<b>Condensed Interim Consolidated Financial Statements</b>	<b>25</b>
- Condensed Interim Consolidated Statement of Financial Position	26-27
- Condensed Interim Consolidated Statement of Profit or Loss	28
- Condensed Interim Consolidated Statement of Comprehensive Income	29
- Condensed Interim Consolidated Statement of Cash Flows	30-31
- Condensed Interim Consolidated Statement of Changes in Equity	32
- Selected Notes to the Condensed Interim Consolidated Financial Statements	33



## Innovate to Accelerate

We believe in taking risks and embracing change. We're constantly leveraging modern technologies, creating differentiated offerings, pushing the boundaries of what's possible and seeking new ways to accelerate our progress.

Innovation breeds progress and growth. And we're determined to create a culture of creativity and collaboration to encourage our people to think outside the box and embrace new ideas.

At every step, we remind ourselves that these innovations are not only for our profitability. We also have to make a positive impact on the world. Whether it's supporting local communities, reducing our environmental footprint, or promoting ethical business practices, we are making a meaningful difference through our Environmental Social Governance program.

So let us embrace innovation and all that it represents. Let us be bold, daring, curious and creative and use our passion to strive for a brighter future. For with innovation, anything is possible, and possibilities are limitless.

Dr. Adeel Abbas  
Chief Executive Officer

# COMPANY INFORMATION

## Board of Directors

Mr. Tausif Ahmad Khan  
Chairman

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Mr. Ghulam Hussain Khan  
Director

Mr. Taufiq Ahmed Khan  
Director

Mr. Romesh A.J.Elapata  
Director

Mrs. Zainub Abbas  
Director

Mrs. Nael Najam  
Director\*

\*Ms. Nael Najam resigned on 19 December 2022 and was replaced by Mr. Tariq Wajid on 24 February 2023

## Chief Financial Officer

Mr. Ashfaq P. Alidina  
Tel: +92 42 3751 1953  
Email:  
ashfaq.alidina@highnoon.com.pk

## Chief Internal Auditor

Ms. Annie Mazher Malik  
Tel: +92 42 3515 8051  
Email:  
annie.mazher@highnoon.com.pk

## Company Secretary

Ms. Mahnoor Ather  
Tel: +92 42 35158051  
Email:  
mahnoor.ather@highnoon.com.pk

## Bankers

Habib Bank Limited  
United Bank Limited  
J.S. Bank Limited  
Allied Bank Limited  
Habib Metropolitan Bank Limited  
Meezan Bank Limited  
MCB Bank Limited

## Registered Office and Plant

17.5 Kilometer Multan Road,  
Lahore - 53700, Pakistan  
UAN : +92 42 111 000 465  
Fax : +92 42 3751 0037  
E-mail :  
investor.relations@highnoon.com.pk  
Web : www.highnoon-labs.com

## Corporate Office

901-9th floor, Tricon Corporate  
Center 73-E, Jail Road, Lahore  
UAN : +92 304 111 0465  
Ph : +92 42 35158051 - 2

## Legal Advisor

Raja Muhammad Akram &  
Company

## Tax Advisor

Yousuf Islam & Associates

## Auditors

EY Ford Rhodes Chartered  
Accountants

## Shares Registrar

Corplink (Pvt.) Ltd.  
Wings Arcade,  
1-K Commercial,  
Model Town, Lahore.  
Tel : +92 42 3591 6714, 3591 6719  
Fax : +92 42 3586 9637

## Audit Committee

Mrs. Nael Najam\*  
Chairperson

Ms. Zainub Abbas  
Member

Mr. Ghulam Hussain Khan  
Member

\* resigned on 19 December 2022

## Human Resource and Remuneration Committee

Mrs. Nael Najam\*  
Chairperson

Mrs. Zainub Abbas  
Member

Dr. Adeel Abbas Haideri  
Member

\*resigned on 19 December 2022

## Management Committee

Dr. Adeel Abbas Haideri Chairman  
Chief Executive Officer

Mr. Ashfaq P. Alidina Member  
Chief Financial Officer

Mr. Sajjad Hafeez Butt Member  
Chief Operating Officer  
(Technical)

Mr. Azfar Abbas Haideri Member  
Chief Commercial Officer

Mr. Zulfiqar Zaidi Member  
Director HR and Strategic  
Planning

Mr. Shahnawaz Baig Member  
Group Director  
Commercial Excellence

## I.T. Steering Committee

Dr. Adeel Abbas Haideri Chairman  
Chief Executive Officer

Mr. Ashfaq P. Alidina Member  
Chief Financial Officer

Mr. Sajjad Hafeez Member  
Chief Operating Officer  
(Technical)

Mr. Ali Ahmed Sarwar Member  
Chief Information Officer

Mr. Taufiq Ahmed Khan Member  
Director

## DIRECTORS' REPORT TO THE SHAREHOLDERS

With pleasure, we present the un-audited condensed interim financial statements of your Company and the Group for the three months ended 31 March 2023.

Your Company generated net sales revenue of Rs. 4,873 million during the period under review compared to Rs. 3,756 million in the same period last year (SPLY) registering a growth of 29.7%. Highest ever inflationary impact and the highest ever devaluation of our Rupee in the first quarter of 2023 depleted the gross margin from 50% to 45% despite growth in sales, improved productivity and firm focus on improved supply chain practices. Distribution and sales promotion expenses increased by 12% over last year primarily due to innovative marketing drives. On the whole, the inflationary impacts affecting the raw material and energy prices was aptly managed through a rigorous financial discipline ensuring that the Company does not go overboard with production or administrative costs. An impressive topline growth and effective resource management culminated into a profit after tax of Rs. 626 million, registering an increase of 17.2% over SPLY.

The Group gross margin stayed steady amongst challenging exchange rate fluctuations and other operational challenges primarily due to effective cost monitoring and improved sales mix adopted by the Company. Manufacturing overheads and administrative expenses of the Subsidiary Company remained within limits. The Group profit after tax stood at Rs. 614 million compared to Rs. 538 million during the SPLY registering a 14% increase.

We are committed to deliver in line with our existing momentum in the coming months. We are looking forward towards positive acceleration for achieving our corporate targets through perpetual system improvements, supply chain diversifications, optimum financial management and patient driven product innovation, however, it is dependent on the macro economic indicators for the remaining part of the year.

On behalf of the Board, we would like to express our sincere gratitude to our Shareholders, Pharmacists, Consumers and all Business Partners for their continued patronage. Special gratitude to all our employees and management as well for their relentless endeavors to post a very satisfactory first quarter performance.

For & On behalf of the Board



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director

Lahore: 29 April 2023

## ڈائریکٹرز رپورٹ

آپ کی کمپنی اور گروپ کی 31 مارچ 2023 کو ختم ہونے والی سہ ماہی کے غیر بڑے تال شدہ مختصر عبوری مالیاتی گوشوارے پیش کرتے ہوئے ہمیں خوشی محسوس ہو رہی ہے۔

آپ کی کمپنی نے زیر جائزہ مدت کے دوران 4،873 ملین روپے کی خالص آمدن فروخت حاصل کی جبکہ گزشتہ سال کی اسی مدت میں خالص آمدن فروخت 3،756 ملین روپے تھی جو کہ 29.7 فیصد کا اضافہ ظاہر کرتی ہے۔ فروخت میں اضافے، پیداواری مراحل میں بہتری اور خام مال کی خریداری پر مسلسل کڑی توجہ کے باوجود مجموعی مارچن 2023 کی پہلی سہ ماہی میں ہماری تاریخ کاسب سے زیادہ افراط زر اور روپے کی قدر میں کمی کی وجہ سے 50 فیصد سے کم ہو کر 45 فیصد ہو گیا۔ مصنوعات کی مال برداری اور فروخت کے فروغ کے اخراجات میں گزشتہ سال کے مقابلے میں 12 فیصد اضافہ ہوا ہے جس کی وجہ ہماری ادویات کی فروخت کو بڑھانے کے لئے نت نئے طریقے اختیار کرنا ہے۔ مجموعی طور پر، خام مال اور توانائی کی قیمتوں پر افراط زر کے اثرات کو ایک کڑے مالیاتی نظم و ضبط کے ذریعے انتہائی مہارت سے قابو کیا گیا اور اس بات کو یقینی بنایا گیا تھا کہ کمپنی کی پیداواری یا انتظامی امور کی لاگت ایک حد سے تجاوز نہ کرے۔ آمدن فروخت میں زبردست نمو اور وسائل کے موثر استعمال کی وجہ سے اس سہ ماہی میں 626 ملین روپے کا بعد از ٹیکس منافع حاصل ہوا جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 17.2 فیصد کا اضافہ ظاہر کرتا ہے۔

گروپ کا مجموعی منافع روپے کی قدر کے شدید اتار چڑھاؤ اور دیگر پیداواری مشکلات کے باوجود لاگت کی کڑی نگرانی اور فروخت میں مختلف ادویات کے بہتر تناسب کی وجہ سے مستحکم رہا۔ ماتحت کمپنی کے پیداواری اور انتظامی اخراجات مقررہ حد کے اندر رہے۔ گروپ کا بعد از ٹیکس منافع 614 ملین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 538 ملین تھا، جو کہ 14 فیصد کا اضافہ ظاہر کرتا ہے۔

ہم آئندہ مہینوں میں اپنی کارکردگی کی موجودہ رفتار برقرار رکھنے کے لیے پرعزم ہیں۔ ہم نظام میں لگاتار بہتری، خام مال کی خرید میں تنوع، بہترین مالیاتی انتظام اور ریسروں کی ضرورت کے مطابق ادویات میں جدت لاکر کمپنی کے اہداف کو حاصل کرنے کی رفتار میں بہتری کی توقع رکھتے ہیں، تاہم یہ سہ ماہی کے ہفتے میں ملک کی معاشی صورت حال پر منحصر ہے۔

ہم اپنے چھ حصص یافتگان، ماہرین طب، صارفین اور تمام کاروباری شراکت داروں کی مسلسل سرپرستی کا اور ڈی جانب سے تہہ دل سے شکریہ ادا کرنا چاہتے ہیں۔ پہلی سہ ماہی کی انتہائی تسلی بخش کارکردگی حاصل کرنے پر اپنے تمام ملازمین اور انتظامیہ کی پرعزم کوششوں کا خصوصی شکریہ ادا کرتا ہوں۔

مغنیاب بورڈ آف ڈائریکٹرز



توفیق احمد خان  
ڈائریکٹر



ڈاکٹر عدیل عباس حیدری  
چیف ایگزیکٹو آفیسر

لاہور: 29 اپریل 2023





## Condensed Interim Un-Consolidated Financial Statements


Highnoon Laboratories Limited  
for the First Quarter ended 31 March 2023




## Condensed Interim Un-Consolidated Statement of Financial Position As at 31 March 2023 (Un Audited)

	Un Audited 31 March 2023	Audited 31 December 2022
Note	------(Rupees)-----	
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Share capital and reserves</b>		
	3	
Authorized share capital 50,000,000 (2022: 50,000,000) ordinary shares of Rs.10 each	500,000,000	500,000,000
<b>Share capital</b>		
Issued, subscribed and paid up share capital	418,840,820	418,840,820
<b>Capital reserve</b>		
Revaluation surplus on operating fixed assets	359,394,832	366,714,040
Revenue reserves	7,287,622,279	6,659,681,588
<b>Total Equity</b>	<b>8,065,857,931</b>	<b>7,445,236,448</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	183,933,646	183,933,646
Long-term advances	30,560,113	25,087,760
Long-term loan - secured	14,464,938	15,439,012
Deferred liabilities	516,834,160	530,660,193
	745,792,857	755,120,611
<b>Current liabilities</b>		
Trade and other payables	1,461,845,107	1,503,748,779
Contract liabilities	41,488,448	72,263,670
Unclaimed dividend	98,835,302	98,853,172
Unpaid dividend	63,474,580	63,474,580
Current portion of long-term liabilities	112,276,756	112,276,756
Short - term borrowings	514,867,886	464,505,032
Provision for taxation - net	121,124,184	124,621,903
	2,413,912,263	2,439,743,892
<b>Total liabilities</b>	<b>3,159,705,120</b>	<b>3,194,864,503</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,225,563,051</b>	<b>10,640,100,951</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	6	

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.

  
Dr. Adeel Abbas Haideri  
Chief Executive Officer

  
Taufiq Ahmed Khan  
Director

  
Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Un-Consolidated Statement of Financial Position As at 31 March 2023 (Un Audited)

		Un Audited 31 March 2023	Audited 31 December 2022	
Note		------(Rupees)-----		
<b>ASSETS</b>				
<b>Non-current assets</b>				
	Property, plant and equipment	7	2,187,712,755	2,058,612,015
	Intangible assets		33,962,134	35,835,396
	Long-term investment		200,000,000	200,000,000
	Long-term deposits		58,686,572	48,176,589
	Long-term advances		57,880,627	32,774,328
	Deferred tax assets		29,644,650	34,531,275
			2,567,886,738	2,409,929,603
<b>Current assets</b>				
	Stock in trade	8	3,793,450,273	3,835,094,512
	Trade receivables	9	2,046,127,448	1,330,336,964
	Advances, trade deposits and prepayments		1,228,332,271	971,808,060
	Other receivables		30,715,390	31,697,863
	Loan to subsidiary		10,000,000	10,000,000
	Short-term investment	10	789,516,831	1,338,887,228
	Tax refunds due from the Government		432,299,189	425,021,817
	Cash and bank balances	11	327,234,911	287,324,904
			8,657,676,313	8,230,171,348
	<b>TOTAL ASSETS</b>		<b>11,225,563,051</b>	<b>10,640,100,951</b>

  
Dr. Adeel Abbas Haideri  
Chief Executive Officer

  
Taufiq Ahmed Khan  
Director

  
Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Un-Consolidated Statement of Profit or Loss (Un Audited)

For the Period Ended 31 March 2023

	Note	Un Audited	
		First Quarter Ended 31 March	
		2023	2022
		------(Rupees)-----	
Revenue from contracts with customers - net	12	4,872,780,842	3,756,034,367
Cost of sales	13	(2,660,168,086)	(1,875,058,779)
<b>Gross profit</b>		<b>2,212,612,756</b>	<b>1,880,975,588</b>
Distribution, selling and promotional expenses		(1,127,440,411)	(1,005,043,051)
Administrative and general expenses		(200,671,810)	(139,993,968)
Research and development expenses		(2,946,252)	(2,814,662)
Other operating expenses		(86,997,750)	(61,320,811)
		<b>(1,418,056,223)</b>	<b>(1,209,172,492)</b>
<b>Operating profit</b>		<b>794,556,533</b>	<b>671,803,096</b>
Other income		48,391,564	58,150,106
Finance costs		(842,582)	(1,342,199)
<b>Profit before taxation</b>		<b>842,105,515</b>	<b>728,611,003</b>
Taxation		(216,597,407)	(194,911,041)
<b>Profit for the year</b>		<b>625,508,108</b>	<b>533,699,962</b>
<b>Earnings per share - basic and diluted</b>		<b>14.93</b>	<b>12.74</b>

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Un-Consolidated Statement of Comprehensive Income (Un Audited)

For the Period Ended 31 March 2023

	Un Audited	
	First Quarter Ended	
	31 March	
	2023	2022
	------(Rupees)-----	
Profit for the year	625,508,108	533,699,962
Other comprehensive income		
Other comprehensive income not to be reclassified to unconsolidated profit or loss in subsequent periods:		
Revaluation surplus on property, plant and equipment - net of tax	(4,886,625)	-
Experience adjustments on defined benefit plan	-	-
Related deferred tax	-	-
	-	-
<b>Total comprehensive income for the year</b>	<b>620,621,483</b>	<b>533,699,962</b>

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Un-Consolidated Statement of Cash Flow (Un Audited)

For the Period Ended 31 March 2023

	First Quarter Ended 31 March	
	2023	2022
	------(Rupees)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	842,105,515	728,611,003
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation/Ammortization of operating fixed/Intangible assets	46,832,633	35,090,543
Provision for Workers' Profit Participation Fund	36,484,297	38,325,507
Provision for defined benefit obligation	8,445,311	11,110,415
Finance costs	842,582	1,342,199
Provision for Central Research Fund	7,296,858	7,665,101
Exchange loss/(gain) - net	32,165,704	(1,756,433)
Gain on disposal of operating fixed assets	(3,671,178)	-
Un-realized gain on remeasurement of short-term investments	(7,846,393)	(7,038,059)
Return on deposits	(1,316,621)	(4,536,729)
Dividend Income on short-term investment	(29,270,244)	(46,523,555)
	89,962,949	33,678,989
Profit before working capital changes	932,068,464	762,289,992
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets:</b>		
(Increase) / Decrease in Stock in trade	41,644,239	47,598,043
(Increase) / Decrease in Trade debtors	(715,790,484)	(448,981,581)
(Increase) / Decrease in Advances, trade deposits and prepayments	(256,524,211)	26,801,735
(Increase) / Decrease in Other receivables	982,473	3,264,981
(Increase) / Decrease in Tax refund due from the Government	(7,277,372)	(27,926,249)
<b>(Decrease) / increase in current liabilities:</b>		
(Decrease) / Increase in Trade and other payables	(85,684,827)	(332,439,949)
(Decrease) / Increase in in Contract liabilities	(30,775,222)	1,000,000
	(1,053,425,404)	(730,683,020)
<b>Cash generated from / (utilized in) operations</b>	<b>(121,356,940)</b>	<b>31,606,972</b>
Income tax paid	(220,095,126)	(179,436,508)
Workers' Welfare Fund paid	-	-
Gratuity paid	(22,271,344)	(2,352,125)
Finance cost paid	(842,582)	(1,342,199)
Long-term advances - net	-	11,576,859
<b>Net cash inflows / (Outflows) from operating activities</b>	<b>(364,565,992)</b>	<b>(139,947,001)</b>

## Condensed Interim Un-Consolidated Statement of Cash Flow (Un Audited)

For the Period Ended 31 March 2023

	First Quarter Ended 31 March	
	2023	2022
	------(Rupees) -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition in property, plant and equipment	(175,109,833)	-
Additions in long-term advances	(25,106,299)	-
Increase in long-term deposits	(10,509,983)	-
Decrease / (Increase) in Short-term investment - Net	557,216,790	(139,485,497)
Return on deposits	1,316,621	4,536,729
Dividend Income on short-term investment	29,270,244	46,523,555
Proceeds from disposal of operating fixed assets	4,720,900	-
Net cash flows generated from / (utilized in) investing activities	381,798,440	(88,425,213)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities- net	-	(5,300,321)
Repayment of long-term loan	(974,074)	(42,926,941)
Long-term Advances-Net	5,472,353	-
Increase / (Decrease) in Short - term borrowings	50,362,854	-
Dividend paid	(17,870)	(175,739)
Net cash flows genated from / (utilized in) financing activities	54,843,263	(48,403,001)
Net foreign exchange difference	(32,165,704)	331,981
Net Increase / (decrease) in cash and bank balances	39,910,007	(276,443,234)
Cash and bank balances at beginning of the year	287,324,904	812,049,186
Cash and bank balances at end of the year	327,234,911	535,605,952

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Un-Consolidated Statement of Changes in Equity (Un Audited)

For the Period Ended 31 March 2023

	Share capital	Capital Reserves		Revenue reserves		Total
		Revaluation Surplus on operating fixed asset	General reserve	Unappropriated profit	Sub total	
----- Rupees -----						
Balance as at 1st Jan 2022	380,764,390	391,326,324	114,000,000	4,876,531,928	4,990,531,928	5,762,622,642
Total comprehensive income for the period ended 31 March 2022	-	-	-	533,699,962	533,699,962	533,699,962
<b>Surplus transferred to unappropriated profit</b>						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	-	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>380,764,390</b>	<b>391,326,324</b>	<b>114,000,000</b>	<b>5,410,231,890</b>	<b>5,524,231,890</b>	<b>6,296,322,604</b>
Balance as at 1st Jan 2023	418,840,820	366,714,040	114,000,000	6,545,681,588	6,659,681,588	7,445,236,448
Total comprehensive income for the period ended 31 March 2023	-	(4,886,625)	-	625,508,108	625,508,108	620,621,483
<b>Surplus transferred to unappropriated profit</b>						
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	(2,432,583)	-	2,432,583	2,432,583	-
<b>Balance as at 31 March 2023</b>	<b>418,840,820</b>	<b>359,394,832</b>	<b>114,000,000</b>	<b>7,173,622,279</b>	<b>7,287,622,279</b>	<b>8,065,857,931</b>

The annexed notes from 1 to 18 form an integral part of these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer



## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

### 1. CORPORATE INFORMATION

Highnoon Laboratories Limited ("the Company") was incorporated in Pakistan under the Companies Act, 2017 ("the Act") and its shares are quoted on Pakistan Stock Exchange since November 1994. The Company is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Company is situated at 17.5 KM , Multan Road, Lahore.

#### 1.1 Geographical location and addresses of major business units of the Company are as under:

Business Units	Geographical Location	Address
Registered office / Manufacturing facility	Lahore	17.5 KM, Multan Road, Lahore
Corporate Office	Lahore	Office# 901 Tricon Corporate Centre, Jail Road, Lahore.

### 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

#### 2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. These accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act and Islamic Financial Accounting Standard (IFAS) as issued by ICAP; and
- Provision and directives issued under the Act.

These unconsolidated condensed interim financial statements are un-audited and are being submitted to shareholders, as required by Section 237 of the Act and the Listed Companies (Code of Corporate Governance) Regulations 2019.

#### 2.2 Basis of preparation

This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December, 2022. This condensed interim financial information has been prepared under the historical cost convention , except for revaluation of property, plant and equipment and recognition of certain employees retirement benefits at present value. In this condensed interim financial information except for the cash flow statement, all the transactions have been accounted for on accrual basis.

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key source of estimation are the same as those applied to the financial statements for the year ended 31 December 2022.

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 31 December 2022.

### 2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak rupee (Rupee), which is also the functional currency of the Company. Figures have been rounded off to the nearest rupee, unless otherwise stated.

	Un Audited 31 March 2023	Audited 31 December 2022
	------(Rupees)-----	
<b>3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
5,905,000 (2022: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash	59,050,000	59,050,000
95,000 (2022: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	950,000	950,000
35,884,082 (2022: 35,884,082) ordinary shares of Rs. 10 each issued as bonus shares	358,840,820	358,840,820
	<b>418,840,820</b>	<b>418,840,820</b>

3.1 This represents the issuance of shares against the transfer of plant and machinery and other assets.

3.2 Reconciliation of issued, subscribed and paid-up share capital

Un-Audited 31 March 2023	Audited 31 December 2022	Un-Audited 31 March 2023	Audited 31 December 2022
Number	Number	Rupees	Rupees

Issued, subscribed and paid-up shares of Rs. 10 each as at 01 January, 2023	38,076,439	38,076,439	380,764,390	380,764,390
Issuance of bonus shares of Rs. 10 each	3,807,643	3,807,643	38,076,430	38,076,430

Issued, subscribed and paid-up shares of Rs. 10 each as at 31 March 2023	41,884,082	41,884,082	418,840,820	418,840,820
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## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

	Un Audited 31 March 2023	Audited 31 December 2022
------(Rupees)-----		
<b>4. LONG-TERM LOAN - SECURED</b>		
Long-term loan	17,034,603	18,008,677
Less: Current portion shown under current liabilities	(2,569,665)	(2,569,665)
	<b>14,464,938</b>	<b>15,439,012</b>
Loan from - MCB Bank Limited	17,034,603	26,240,794
Less: Deferred grant	-	(8,232,117)
Less: Current portion shown under current liabilities	(2,569,665)	(2,569,665)
	<b>14,464,938</b>	<b>15,439,012</b>

4.1 The movement of Long-term loan is as follows;

Opening balance as at 01 January	15,439,012	164,758,957
Addition during the year		
Loan obtained during the year	-	26,300,000
Less: deferred grant recognized	-	(8,879,354)
	-	17,420,646
Unwinding of loan	-	6,593,103
Payment during the year	(974,074)	(170,764,029)
	<b>17,034,603</b>	<b>18,008,677</b>
Less: Current portion shown under current liabilities	(2,569,665)	(2,569,665)
Closing balance	<b>14,464,938</b>	<b>15,439,012</b>

4.1.1 This represents loan obtained from MCB Bank Limited under facility for setting up solar based power project under SBP financing scheme for renewable Energy having sanctioned limit of Rs. 50 million and carries markup at the rate of 2% + 0.5% per annum payable quarterly (2022: Nil) whereas principal is repayable in 27 equal quarterly instalments starting from 10 December 2022. This facility is secured against Lien on investment fund of Rs. 67 million out of Rs. 83 million current FV of investment placed in MCB-Arif Habib Savings and Investment Limited (25% margin of limit). The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using effective interest rate of 3M KIBOR at respective draw down date. The difference between fair value of loan and loan proceeds has been recognised as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

Salient features of the facility is as under:

Bank name	Outstanding installments	Repayment	Installment (Rupees)	Disbursement date	Maturity
MCB Bank Limited	26	Quarterly	974,074	10 December 2022	10 June 2029

	Un Audited 31 March 2023	Audited 31 December 2022
	------(Rupees)-----	
<b>5. CURRENT PORTION OF LONG-TERM LIABILITIES</b>		
Lease liabilities	74,080,435	74,080,435
Long-term advances	32,987,908	32,987,908
Long-term loan - secured	2,569,665	2,569,665
Deferred grant	2,638,748	2,638,748
	<b>112,276,756</b>	<b>112,276,756</b>

### 6. CONTINGENCIES AND COMMITMENTS

#### 6.1 Contingencies

There is no significant change in the contingencies since the date of preceding annual audited financial statements.

	Un Audited 31 March 2023	Audited 31 December 2022
	------(Rupees)-----	
<b>6.2 Commitments</b>		
The Company has following commitments against;		
Letter of contracts	572,950,000	186,082,959
Bank contracts	471,810,000	425,823,107
Ijarah rentals	19,608,990	19,608,990
Capital expenditure	106,749,999	142,333,332
	<b>1,171,118,989</b>	<b>773,848,388</b>

**6.3** The Company has given post dated cheques of Rs. 6 million (2022: 6 million) to Total Parco Pakistan Limited and Rs 5.5 million (2022: 5.5 million) as a security against fuel cards provided to employees and Rs 1 million (2022: 1 million) to Metro cash & carry to increase the credit limit for purchasing related to Canteen.

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

	Un Audited 31 March 2023	Audited 31 December 2022
------(Rupees)-----		
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	1,397,785,230	1,278,716,784
Right of use assets	351,721,243	356,465,213
Capital work in progress	438,206,282	423,430,018
	<b>2,187,712,755</b>	<b>2,058,612,015</b>

7.1	Un-audited Quarter Ended 31 March		
	Operating fixed assets	Right of use assets	Capital work in progress
------(Rupees)-----			
Opening	1,278,716,784	356,465,213	423,430,018
Additions	158,446,365	1,887,204	118,861,935
Transfers/Disposals	(1,049,722)	-	(104,085,671)
Deprciation for the Period	(38,328,197)	(6,631,174)	-
	<b>1,397,785,230</b>	<b>351,721,243</b>	<b>438,206,282</b>

	Un Audited 31 March 2023	Audited 31 December 2022
------(Rupees)-----		
<b>8. STOCK IN TRADE</b>		
Raw materials	1,834,268,379	1,879,544,334
Packing material	691,465,911	623,009,049
Work in progress	190,306,330	272,204,156
Finished goods	1,129,878,031	1,180,805,351
Less: Provision for slow moving and obsolete items	(52,468,378)	(120,468,378)
	<b>3,793,450,273</b>	<b>3,835,094,512</b>

<b>9. TRADE RECEIVABLES</b>		
Foreign	156,601,853	56,554,198
Local	1,941,611,363	1,325,868,534
	<b>2,098,213,216</b>	<b>1,382,422,732</b>
Less: allowance for expected credit losses	(52,085,768)	(52,085,768)
	<b>2,046,127,448</b>	<b>1,330,336,964</b>

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

	Un Audited 31 March 2023	Audited 31 December 2022
------(Rupees)-----		
<b>9.1 Allowance for expected credit losses:</b>		
Opening balance	52,085,768	22,372,807
Charged during the year	-	29,712,961
Written off during the year	-	-
	<b>52,085,768</b>	<b>52,085,768</b>

### 10. SHORT-TERM INVESTMENT

Investments at fair value through profit or loss

Mutual Funds

Term deposit receipts

10.1

644,226,527

1,193,596,924

145,290,304

145,290,304

**789,516,831**

**1,338,887,228**

**10.1** These represents investments in term deposit receipts. They carry average profit at the rate of ranging from 15% - 16.25% (2022: 15% - 16.25%) which will be matured during March 2023.

### 11. CASH AND BANK BALANCES

Cash and imprest

Current accounts

-Local currency

-Foreign currency

Saving accounts

11.1

1,985,458

1,985,458

27,583,780

123,858,822

40,552,072

14,431,417

257,113,601

147,049,207

**325,249,453**

**285,339,446**

**327,234,911**

**287,324,904**

**11.1** These represents saving accounts which carries profit at the rate of ranging from 7.51% - 15.51% (2022: 4.5% - 14.51%).

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

Note	Un Audited	
	First Quarter Ended 31 March 2023	2022
------(Rupees)-----		
<b>12. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET</b>		
Local sales	4,853,292,115	3,775,720,880
Export sales	351,765,191	119,449,449
	<b>5,205,057,306</b>	<b>3,895,170,329</b>
Toll manufacturing	176,592,107	103,755,226
	<b>5,381,649,413</b>	<b>3,998,925,555</b>
Less:		
Sales Return/Discount	(508,868,571)	(242,891,188)
	<b>4,872,780,842</b>	<b>3,756,034,367</b>
<b>13. COST OF SALES</b>		
Opening	1,453,009,507	663,600,775
Cost of Goods Manufactured	1,925,435,444	1,242,488,262
	<b>3,378,444,951</b>	<b>1,906,089,037</b>
Purchases	601,907,496	397,174,577
Closing	(1,320,184,361)	(428,204,835)
Cost of Sales Manufactured	<b>2,660,168,086</b>	<b>1,875,058,779</b>

### 14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

#### Financial Risk Factors

There is no change in the company's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2022

#### 14.1 Fair values of financial assets and liabilities

Fair value of financial assets measured at fair value through unconsolidated statement of profit or loss is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

#### Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 March 2023, the Company held the following financial instruments carried at fair value on the statement of financial position:

Un-Audited 31 March 2022	Level 1	Level 2	Level 3
----- (Rupees) -----			

### 14.1.2 Financial Assets measured at fair value

#### Fair Value Through Profit & Loss

Investments in Mutual Funds 644,226,527

Un-Audited 31 March 2023		
AT FVTPL	Amortized cost	Total
----- (Rupees) -----		

### 15. FINANCIAL INSTRUMENTS BY CATEGORIES

#### Assets as per statement of financial position:

Long-term Investment	-	200,000,000	200,000,000
Long-term deposits	-	58,686,572	58,686,572
Advances, trade deposits and prepayments	-	54,320,380	54,320,380
Trade debts	-	2,046,127,448	2,046,127,448
Other receivables	-	30,715,390	30,715,390
Cash and short-term deposits	-	327,234,911	327,234,911
Short-term Investments	789,516,831	-	789,516,831
	789,516,831	2,717,084,701	3,506,601,532



## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

Audited 31 December 2022		
AT FVTPL	Amortized cost	Total
----- (Rupees) -----		

### Assets as per statement of financial position:

Long-term Investment	-	200,000,000	200,000,000
Long-term deposits	-	48,176,589	48,176,589
Advances, trade deposits and prepayments	-	65,867,650	65,867,650
Trade debts	-	1,330,336,964	1,330,336,964
Other receivables	-	31,697,863	31,697,863
Cash and short-term deposits	-	287,324,904	287,324,904
Short-term Investments	1,338,887,228	-	1,338,887,228
	1,338,887,228	1,963,403,970	3,302,291,198

Un Audited	Audited
31 March	31 December
2023	2022

Financial Liabilities at amortized cost
--

----- (Rupees) -----

### Liabilities as per statement of financial position:

Lease liabilities	258,014,081	258,014,081
Long-term Loan	17,034,603	18,008,677
Unclaimed dividend	98,835,302	98,853,172
Short-term borrowings	514,867,886	464,505,032
Trade and other payables	1,097,417,249	1,285,316,098
	1,986,169,121	2,124,697,060

## 16. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 4.). The Company carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the of unconsolidated financial statements. Other significant transactions with related parties are as follows:

## Selected Notes to the Condensed Interim Un-Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

	Undertaking	Relation	Nature of transaction	Un Audited	
				First Quarter Ended 31 March 2023	2022
				------(Rupees)-----	
	Route 2 health (Pvt) Ltd	Associate	Purchases	194,315,587	125,471,227
	Curexa Health (Pvt) Ltd	Subsidiary	Purchases	221,668,748	170,581,519
	Curexa Health (Pvt) Ltd	Subsidiary	Interest on loan to subsidiary	451,726	205,611
	Staff provident fund	Staff retirement benefits	Contribution	20,032,564	16,996,573
	Employees' Welfare Trust	Staff welfare benefits	Contribution	1,039,788	1,009,655

### 17. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these unconsolidated Interim Condensed financial statements for issuance on 29 April 2023.

### 18. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However no significant rearrangement / reclassification have been made in these unconsolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Financial Statements

Highnoon Laboratories Limited and its subsidiary  
Curexa Health (Private) Limited  
for the First Quarter ended 31 March 2023



## Condensed Interim Consolidated Statement of Financial Position As at 31 March 2023 (Un Audited)

	Un Audited 31 March 2023	Audited 31 December 2022
Note	----- (Rupees) -----	
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital and reserves	3	
Authorized share capital 50,000,000 (2022: 50,000,000) ordinary shares of Rs.10 each	500,000,000	500,000,000
<b>Share capital</b>		
Issued, subscribed and paid up share capital	418,840,820	418,840,820
<b>Capital reserve</b>		
Revaluation surplus on operating fixed assets	403,191,223	410,144,816
Revenue reserves	7,436,967,439	6,826,126,631
<b>Total Equity</b>	<b>8,258,999,482</b>	<b>7,655,112,267</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	183,933,646	183,933,646
Long-term advances	30,560,113	25,087,760
Long-term loan - secured	14,464,938	15,439,012
Deferred liabilities	516,834,160	530,660,193
	745,792,857	755,120,611
<b>Current liabilities</b>		
Trade and other payables	1,584,962,333	1,561,386,941
Contract liabilities	41,488,448	72,263,670
Unclaimed dividend	98,835,302	98,853,172
Unpaid dividend	63,474,580	63,474,580
Markup accrued	1,513,244	1,669,835
Current portion of long-term liabilities	112,276,756	112,352,922
Short term borrowings	546,254,909	511,804,639
Provision for taxation - net	121,124,184	124,621,903
	2,569,929,756	2,546,427,662
<b>Total liabilities</b>	<b>3,315,722,613</b>	<b>3,301,548,273</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,574,722,095</b>	<b>10,956,660,540</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	6	

The annexed notes from 1 to 18 form an integral part of these consolidated financial statements.

Dr. Adeel Abbas Haideri  
Chief Executive Officer

Taufiq Ahmed Khan  
Director

Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Financial Position As at 31 March 2023 (Un Audited)

		Un Audited 31 March 2023	Audited 31 December 2022
Note	------(Rupees)-----		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	2,518,998,510	2,398,097,809
Intangible assets		33,962,134	35,835,396
Goodwill		834,230	834,230
Long-term deposits		58,886,572	48,376,589
Long-term advances		59,383,152	34,659,421
Deferred tax assets		1,593,787	4,894,894
		<b>2,673,658,385</b>	<b>2,522,698,339</b>
<b>Current assets</b>			
Stock in trade	8	3,922,070,640	3,999,861,938
Stores and spares		13,179,200	11,205,628
Trade receivables	9	2,061,724,397	1,330,336,964
Advances, trade deposits and prepayments		1,238,587,265	977,567,051
Other receivables		30,715,390	25,690,879
Short-term investment	10	789,516,831	1,338,887,228
Tax refunds due from the Government		477,040,688	463,007,544
Cash and bank balances	11	368,229,299	287,404,969
		<b>8,901,063,710</b>	<b>8,433,962,201</b>
<b>TOTAL ASSETS</b>		<b>11,574,722,095</b>	<b>10,956,660,540</b>



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Profit or Loss (Un Audited)

For the Period Ended 31 March 2023

	Note	Un Audited First Quarter Ended 31 March	
		2023	2022
------(Rupees)-----			
Revenue from contracts with customers - net	12	4,955,076,196	3,756,034,368
Cost of sales	13	(2,726,377,915)	(1,852,127,385)
<b>Gross profit</b>		<b>2,228,698,281</b>	<b>1,903,906,983</b>
Distribution, selling and promotional expenses		(1,127,440,411)	(1,005,043,051)
Administrative and general expenses		(216,503,410)	(151,306,133)
Research and development expenses		(2,946,252)	(2,814,662)
Other operating expenses		(89,165,629)	(62,715,639)
<b>Operating profit</b>		<b>792,642,579</b>	<b>682,027,498</b>
Other income		48,034,013	58,076,503
Finance costs		(2,961,789)	(2,979,997)
<b>Profit before taxation</b>		<b>837,714,803</b>	<b>737,124,004</b>
Taxation		(224,054,338)	(198,796,877)
<b>Profit for the year</b>		<b>613,660,465</b>	<b>538,327,127</b>
<b>Earnings per share - basic and diluted</b>		<b>14.65</b>	<b>12.85</b>

The annexed notes from 1 to 18 form an integral part of these consolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Comprehensive Income (Un Audited)

For the Period Ended 31 March 2023

	Un Audited	
	First Quarter Ended	
	31 March	
	2023	2022
	------(Rupees)-----	
Profit for the year	613,660,465	538,327,127
Other comprehensive income		
Other comprehensive income not to be reclassified to consolidated profit or loss in subsequent periods:		
Revaluation surplus on property, plant and equipment - net of tax	(4,886,625)	-
Experience adjustments on defined benefit plan		
Related deferred tax		
	-	-
	-	-
	-	-
<b>Total comprehensive income for the year</b>	<b>608,773,840</b>	<b>538,327,127</b>

The annexed notes from 1 to 18 form an integral part of these consolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Cash Flow (Un Audited)

For the Period Ended 31 March 2023

	First Quarter Ended 31 March	
	2023	2022
	------(Rupees)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	837,714,803	737,124,004
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation/Ammortization of operating fixed/Intangible assets	56,044,023	41,672,709
Provision for Workers' Profit Participation Fund	37,866,057	39,212,598
Provision for defined benefit obligation	8,445,311	11,110,415
Provision for slow moving and obsolete stocks	65,378,395	5,482,183
Provision for Worker's Welfare Fund	511,622	330,485
Finance costs	2,961,789	3,175,686
Provision for Central Research Fund	7,571,355	7,842,106
Allowance for expected credit losses	52,085,768	(132,008)
Exchange loss / (gain) - net	32,165,704	(1,756,433)
Gain on disposal of operating fixed assets	(3,671,178)	-
Un-realized gain on remeasurement of short-term investments	(7,846,393)	(7,038,059)
Return on deposits	(1,316,621)	(4,536,729)
Dividend Income on short-term investment	(29,270,244)	(46,523,555)
	220,925,588	48,839,398
Profit before working capital changes	1,058,640,391	785,963,402
<b>Working capital changes:</b>		
<b>(Increase) / decrease in current assets:</b>		
(Increase) / decrease in Stock in trade	12,412,903	54,399,126
(Increase) / decrease in Trade debtors	(783,473,201)	(464,427,507)
(Increase) / decrease in Advances, trade deposits and prepayments	(261,020,214)	25,381,940
(Increase) / decrease in Other receivables	(5,024,511)	-
(Increase) / decrease in Tax refund due from the Government	(14,033,144)	4,298,426
(Increase) / decrease in Stock and Spares	(1,973,572)	(111,739)
<b>(Decrease) / increase in current liabilities:</b>	-	-
(Decrease) / Increase in Trade and other payables	(28,334,163)	(298,921,354)
(Decrease) / Increase in in Contract liabilities	(30,775,222)	1,000,000
	(1,112,221,124)	(678,381,108)
<b>Cash generated from / (utilized in) operations</b>	<b>(53,580,733)</b>	<b>107,582,294</b>
Income tax paid	(227,552,057)	(186,074,162)
Workers' Welfare Fund paid	(511,622)	-
Gratuity paid	(22,271,344)	(2,352,125)
Finance cost paid	(3,118,380)	(2,582,675)
Long-term advances - net	-	11,576,859
<b>Net cash inflows / (Outflows) from operating activities</b>	<b>(307,034,136)</b>	<b>(71,849,809)</b>



## Condensed Interim Consolidated Statement of Cash Flow (Un Audited)

For the Period Ended 31 March 2023

	First Quarter Ended 31 March	
	2023	2022
	------(Rupees) -----	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition in property, plant and equipment	(176,121,184)	(7,172,472)
Additions in long-term advances	(24,723,731)	472,076
Increase in long-term deposits	(10,509,983)	-
Decrease / (Increase) in Short-term investment - Net	557,216,790	(173,988,111)
Return on deposits	1,316,621	4,536,729
Dividend Income on short-term investment	29,270,244	46,523,555
Proceeds from disposal of operating fixed assets	4,720,900	-
Net cash flows generated from / (utilized in) investing activities	381,169,657	(129,628,223)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of lease liabilities- net	-	(5,300,321)
Repayment of long-term loan	(974,074)	(46,443,469)
Long-term Advances-Net	5,396,187	11,792
Increase / (Decrease) in Short - term borrowings	34,450,270	(14,657,821)
Dividend paid	(17,870)	(175,739)
Net cash flows genated from / (utilized in) financing activities	38,854,513	(66,565,558)
Net foreign exchange difference	(32,165,704)	331,981
Net Increase / (decrease) in cash and bank balances	80,824,330	(267,711,609)
Cash and bank balances at beginning of the year	287,404,969	817,057,691
Cash and bank balances at end of the year	368,229,299	549,346,082

The annexed notes from 1 to 18 form an integral part of these consolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Condensed Interim Consolidated Statement of Changes in Equity (Un Audited)

For the Period Ended 31 March 2023

	Share capital	Capital Reserves		Revenue reserves			Total
		Revaluation Surplus on operating fixed asset	General reserve	Unappropriated profit	Sub total		
----- Rupees -----							
Balance as at 1st Jan 2022	380,764,390	436,249,408	114,000,000	4,985,966,603	5,099,966,603	5,916,980,401	
Total comprehensive income for the period ended 31 March 2022	-	-	-	538,327,127	538,327,127	538,327,127	
Surplus transferred to unappropriated profit	-	-	-	-	-	-	
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	-	-	-	-	-	
<b>Balance as at 31 March 2022</b>	<b>380,764,390</b>	<b>436,249,408</b>	<b>114,000,000</b>	<b>5,524,293,730</b>	<b>5,638,293,730</b>	<b>6,455,307,528</b>	
Balance as at 1st Jan 2023	418,840,820	410,144,816	114,000,000	6,712,126,631	6,826,126,631	7,655,112,267	
Total comprehensive income for the period ended 31 March 2023	-	(4,886,625)	-	608,773,840	608,773,840	603,887,215	
Surplus transferred to unappropriated profit	-	-	-	-	-	-	
On account of incremental depreciation relating to surplus on revaluation of operating fixed assets - net of tax	-	(2,066,968)	-	2,066,968	2,066,968	-	
<b>Balance as at 31 March 2023</b>	<b>418,840,820</b>	<b>403,191,223</b>	<b>114,000,000</b>	<b>7,322,967,439</b>	<b>7,436,967,439</b>	<b>8,258,999,482</b>	

The annexed notes from 1 to 18 form an integral part of these consolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

### 1. CORPORATE INFORMATION

The Highnoon Group ("the Group") comprises of Highnoon Laboratories Limited ("HNL") ("the Holding Company") and Curexa Health (Private) Limited ("CHL") ("the Subsidiary Company").

- 1.1 Highnoon Laboratories Limited ("the Holding Company") was incorporated in Pakistan under the Companies Act, 2017 ("the Act") and its shares are quoted on Pakistan Stock Exchange since November 1994. The Group is principally engaged in the manufacture, import, sale and marketing of pharmaceutical and allied consumer products. The registered office of the Group is situated at 17.5 KM, Multan Road, Lahore.

The Subsidiary Company was incorporated with the principle object to carry on business as manufacturer, importer and dealers of all kinds of pharmaceutical.

Geographical location and addresses of major business units of the Company are as under:

Business Units	Geographical Location	Address
Registered office / Manufacturing facility	Lahore	17.5 KM, Multan Road, Lahore
Corporate Office	Lahore	Office# 901 Tricon Corporate Centre, Jail Road, Lahore.
Subsidiary Registered office/ Manufacturing facility	Lahore	517- Sundar Industrial Estate, Raiwind, Lahore

### 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

#### 2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. These accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Act and Islamic Financial Accounting Standard (IFAS) as issued by ICAP; and
- Provision and directives issued under the Act.

#### 2.2 Basis of preparation

This condensed interim consolidated financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's Group annual financial statements as at 31 December, 2022. This condensed interim financial information has been prepared under the historical cost convention, except for revaluation of property, plant and equipment and recognition of certain employees retirement benefits at present value. In this condensed interim financial information except for the cash flow statement, all the transactions have been accounted for on accrual basis..

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key source of estimation are the same as those applied to the financial statements for the year ended 31 December 2022.

The accounting policies adopted for the preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the annual audited financial statements of the Group for the year ended 31 December 2022.

	Un Audited 31 March 2023	Audited 31 December 2022
	------(Rupees)-----	
<b>3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
5,905,000 (2022: 5,905,000) ordinary shares of Rs. 10 each fully paid in cash	59,050,000	59,050,000
95,000 (2022: 95,000) ordinary shares of Rs.10 each issued for consideration other than cash	950,000	950,000
35,884,082 (2022: 35,884,082) ordinary shares of Rs. 10 each issued as bonus shares	358,840,820	358,840,820
	<b>418,840,820</b>	<b>418,840,820</b>

3.1 This represents the issuance of shares against the transfer of plant and machinery and other assets.

3.2 Reconciliation of issued, subscribed and paid-up share capital

Un-Audited 31 March 2023	Audited 31 December 2022	Un-Audited 31 March 2023	Audited 31 December 2022
Number	Number	Rupees	Rupees

Issued, subscribed and paid-up shares

of Rs. 10 each as at 01 January, 2023 38,076,439 38,076,439 380,764,390 380,764,390

Issuance of bonus shares of Rs. 10 each 3,807,643 3,807,643 38,076,430 38,076,430

Issued, subscribed and paid-up shares

of Rs. 10 each as at 31 March 2023 41,884,082 41,884,082 418,840,820 418,840,820

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

	Un Audited 31 March 2023	Audited 31 December 2022
------(Rupees)-----		
<b>4. LONG-TERM LOAN - SECURED</b>		
Long-term loan	17,034,603	18,008,677
Less: Current portion of Long-term loan	(2,569,665)	(2,569,665)
	<b>14,464,938</b>	<b>15,439,012</b>

### 4.1 The movement of Long-term loan is as follows

Opening balance as at 01 January	18,008,677	178,615,376
Addition during the year		
Loan obtained	-	26,300,000
Less: deferred grant	-	(8,879,354)
		17,420,646
Unwinding of loan	-	6,839,741
Payment during the year	(974,074)	(184,867,086)
Closing balance as at 31 March	<b>17,034,603</b>	<b>18,008,677</b>

4.1.1 This represents loan obtained during the year from MCB Bank Limited under facility for setting up solar based power project under SBP financing scheme for renewable Energy having sanctioned limit of Rs. 50 million (2022: Nil) and carries markup at the rate of 2% + 0.5% per annum payable quarterly whereas principal is repayable in 27 equal quarterly instalments starting from 10 December 2022. This facility is secured against Lien on investment fund of Rs. 67 million out of Rs. 83 million current FV of investment placed in MCB-Arif Habib Savings and Investment Limited (25% margin of limit). The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using effective interest rate of 3M KIBOR at respective draw down date. The difference between fair value of loan and loan proceeds has been recognised as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

Salient features of the facility is as under:

Bank name	Outstanding installments	Repayment	Installment (Rupees)	Disbursement date	Maturity
MCB Bank Limited	26	Quarterly	974,074	10 December 2022	10 June 2029

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

	Un Audited 31 March 2023	Audited 31 December 2022
	------(Rupees) -----	
<b>5. CURRENT PORTION OF LONG-TERM LIABILITIES</b>		
Lease liabilities	74,080,435	74,080,435
Long-term advances	32,987,908	33,064,074
Long-term loan - secured	2,569,665	2,569,665
Deferred grant	2,638,748	2,638,748
	<b>112,276,756</b>	<b>112,352,922</b>
<b>6. CONTINGENCIES AND COMMITMENTS</b>		
<b>6.1 Contingencies</b>		
There is no significant change in the contingencies since the date of preceding annual audited financial statements		
	Un Audited 31 March 2023	Audited 31 December 2022
	------(Rupees) -----	
<b>6.2 Commitments</b>		
The Group has commitments against:		
Letter of contracts	657,596,768	225,502,959
Ijarah rentals	19,608,990	19,608,990
Bank contracts	471,810,000	425,823,107
Capital expenditure	111,274,443	146,053,332
	<b>1,260,290,201</b>	<b>816,988,388</b>
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	1,706,448,767	1,595,639,706
Right of use assets	351,721,243	356,465,213
Capital work in progress	460,828,500	442,024,015
Advances - considered good	-	3,968,875
	<b>2,518,998,510</b>	<b>2,398,097,809</b>

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

7.1

	Un-audited Quarter Ended 31 March			
	Operating fixed assets	Right of use assets	Capital work in progress	Advance-Considered Goods
	------(Rupees)-----			
Opening	1,595,639,706	356,465,213	442,024,015	3,968,875
Additions	159,398,370	1,887,204	122,890,156	-
Transfers/Disposals	(1,049,722)	-	(104,085,671)	(3,968,875)
Depreciation for the Period	(47,539,587)	(6,631,174)	-	-
	1,706,448,767	351,721,243	460,828,500	-

	Un Audited 31 March 2023	Audited 31 December 2022
	------(Rupees)-----	
<b>8. STOCK IN TRADE</b>		
Raw materials	1,910,314,073	1,952,580,063
Packing material	756,072,819	694,288,815
Work in progress	226,239,925	294,334,778
Finished goods	1,094,822,218	1,190,136,677
Less: provision for slow moving and obsolete items	(65,378,395)	(131,478,395)
	3,922,070,640	3,999,861,938

**9. TRADE RECEIVABLES**

Foreign	156,601,853	56,554,198
Local	1,957,208,312	1,325,868,534
	2,113,810,165	1,382,422,732
Less: allowance for expected credit losses	(52,085,768)	(52,085,768)
	2,061,724,397	1,330,336,964

**9.1 Allowance for expected credit losses:**

Opening balance	52,085,768	22,372,807
Charged during the year	-	29,712,961
Written off during the year	-	-
	52,085,768	52,085,768

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

		Un Audited 31 March 2023	Audited 31 December 2022
------(Rupees)-----			
<b>10. SHORT-TERM INVESTMENT</b>			
Investments at fair value through profit or loss			
Mutual Funds		644,226,527	1,193,596,924
Term deposit receipts	10.1	145,290,304	145,290,304
		<b>789,516,831</b>	<b>1,338,887,228</b>

10.1 These represents investments in term deposit receipts. They carry average profit at the rate of ranging from 15% - 16.25% (2022: 15% - 16.25%) which will be matured during March 2023.

### 11. CASH AND BANK BALANCES

Cash and imprest		2,030,115	1,993,630
Balance with banks			
Current accounts			
-Local currency		68,533,511	123,930,715
-Foreign currency		40,552,072	14,431,417
Saving accounts	11.1	257,113,601	147,049,207
		<b>366,199,184</b>	<b>285,411,339</b>
		<b>368,229,299</b>	<b>287,404,969</b>

11.1 These represents saving accounts which carries profit at the rate of ranging from 7.51% - 15.51% (2022: 4.5% - 14.51%).

		Un Audited	
		First Quarter Ended 31 March	
	Note	2023	2022
------(Rupees)-----			
<b>12. REVENUE FROM CONTRACTS WITH CUSTOMERS- NET</b>			
Local sales		4,935,587,469	3,775,720,880
Export sales		351,765,191	119,449,449
		<b>5,287,352,660</b>	<b>3,895,170,329</b>
Toll manufacturing		176,592,107	103,755,226
		<b>5,463,944,767</b>	<b>3,998,925,555</b>
Less:			
Sales Return/Discount		(508,868,571)	(242,891,187)
		<b>4,955,076,196</b>	<b>3,756,034,368</b>



## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

Note	Un Audited First Quarter Ended 31 March	
	2023	2022
------(Rupees)-----		
<b>13. COST OF SALES</b>		
Opening	1,469,418,162	688,225,291
Cost of Goods Manufactured	2,243,004,583	1,467,422,834
	<b>3,712,422,745</b>	<b>2,155,648,125</b>
Purchases	382,652,742	226,593,058
Closing	(1,368,697,572)	(530,113,798)
Cost of Sales Manufactured	<b>2,726,377,915</b>	<b>1,852,127,385</b>

### 14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

#### Financial Risk Factors

There is no change in the company's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2022.

#### 14.1 Fair values of financial assets and liabilities

Fair value of financial assets measured at fair value through unconsolidated statement of profit or loss is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

#### Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 March 2023, the Company held the following financial instruments carried at fair value on the statement of financial position:

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

Un-Audited 31 March 2023	Level 1	Level 2	Level 3
----- (Rupees) -----			

### 14.1.2 Financial Assets measured at fair value

#### Fair Value Through Profit & Loss

Investments in Mutual Funds 789,516,831

Un-Audited 31 March 2023		
AT FVTPL	Amortized cost	Total
----- (Rupees) -----		

### 15. FINANCIAL INSTRUMENTS BY CATEGORIES

#### Assets as per statement of financial position:

Long-term deposits	-	58,886,572	58,886,572
Advances, trade deposits and prepayments	-	57,416,707	57,416,707
Trade debts	-	2,061,724,397	2,061,724,397
Other receivables	-	30,715,390	30,715,390
Cash and short-term deposits	-	368,229,299	368,229,299
short-term Investments	789,516,831	-	789,516,831
	<u>789,516,831</u>	<u>2,576,972,365</u>	<u>3,366,489,196</u>

Audited 31 December 2022		
AT FVTPL	Amortized cost	Total
----- (Rupees) -----		

#### Assets as per statement of financial position:

Long-term deposits	-	48,376,589	48,376,589
Advances, trade deposits and prepayments	-	66,012,888	66,012,888
Trade debts	-	1,330,336,964	1,330,336,964
Other receivables	-	25,690,879	25,690,879
Cash and short-term deposits	-	287,404,969	287,404,969
short-term Investments	1,338,887,228	-	1,338,887,228
	<u>1,338,887,228</u>	<u>1,757,822,289</u>	<u>3,096,709,517</u>

## Selected Notes to the Condensed Interim Consolidated Financial Statements (Un Audited)

For the Period Ended 31 March 2023

	Un Audited 31 March 2023	Audited 31 December 2022
Financial Liabilities at amortized cost		
------(Rupees)-----		
<b>Liabilities as per statement of financial position:</b>		
Lease liabilities	258,014,081	258,014,081
Long-term Loan	17,034,603	18,008,677
Short term borrowings	546,254,909	511,804,639
Markup accrued on secured loans	1,513,244	1,669,835
Unclaimed dividend	98,835,302	98,853,172
Trade and other payables	1,584,962,333	1,527,061,009
	<b>2,506,614,472</b>	<b>2,415,411,413</b>

### 16. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Group comprise associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel. The Company carries out transactions with various related parties.

			Un Audited	
			First Quarter Ended 31 March	
			2023	2022
------(Rupees)-----				
Undertaking	Relation	Nature of transaction		
Route 2 health (Pvt) Ltd	Associate	Purchases	194,315,587	125,471,227
Staff provident fund	Staff retirement benefits	Contribution	20,032,564	16,996,573
Employees' Welfare Trust	Staff welfare benefits	Contribution	1,039,788	1,009,655

### 17. DATE OF AUTHORIZATION OF ISSUE

The Board of Directors of the Company authorized these Condensed Interim Consolidated financial statements for issuance on 29 April 2023.

### 18. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However no significant rearrangement / reclassification have been made in these consolidated financial statements.



Dr. Adeel Abbas Haideri  
Chief Executive Officer



Taufiq Ahmed Khan  
Director



Ashfaq P. Alidina  
Chief Financial Officer



**Highnoon**

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